

Message Text

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E.O. 11652: N/A
TAGS: BENC, BL
SUBJECT: MAJOR PROJECT: COTTON SPINNING MILL

REF: USDOC 12043, USDOC 11904 AND PREVIOUS

1. SUMMARY: CONTRARY TO WARD'S DESCRIPTION OF PROBLEM CONTAINED IN USDOC 11904, AMATEX DID NOT PROVIDE "BID BOND" AS REQUIRED BY COMITE DE OBRAS PUBLICAS' LEGAL REQUIREMENT AND IT ALSO PRESENTED A COPY OF PROPOSAL IN AN UNSEALED ENVELOPE, WHICH ALSO VIOLATED COMITE'S PROCEDURES. AMATEX WAS AWARE WHEN IT SUBMITTED ITS PROPOSAL THAT IT WAS NOT MEETING THE COMITE'S LEGAL REQUIREMENTS. IN EFFECT, BY KNOWING FAILURE TO MEET LEGAL REQUIREMENTS, AMATEX DISQUALIFIED ITSELF FROM CONSIDERATION BY THE COMITE. NONE: IT IS IMPORTANT TO UNDERSTANDING THIS MATTER NOT TO CONFUSE BID BOND WITH PERFORMANCE BOND. END SUMMARY

2. TWELVE INTERNATIONAL FIRMS SUBMITTED PROPOSALS INCLUDING TWO FROM USA - AMATEX AND WHITIN. ALSO SCAO-LOWELL CORP. EQUIPMENT IS QUOTED WITHIN PROPOSAL OF THEIR PAREN COMPANY - PLATT INTERNATIONAL LTD. OF UNITED KINGDOM. ACCORDING TO LOCAL REPRESENTATIVE OF PLATT, APPROXIMATELY FORTY PERCENT OF EQUIPMENT QUOTED BY PLATT IS FROM US AFFILIATE. ALSO, COMATT ADVISED BY PLATT REPRESENTATIVE THAT EX-IM BANK WILL PROVIDE FINANCING FOR THE SCAO-LOWELL'S EQUIPMENT COMMITMENT. PLEASE DISCUSS WITH EX-IM AND CONFIRM THIS STATEMENT.

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3. ACCORDING TO INFORMATION DEVELOPED FROM VARIOUS SOURCES,

AMATED COULD NOT AT LAST MOMENT, SUBMIT COMPLETE PROPOSAL BECAUSE ONE US FIRM IN CONSORTIUM WOULD NOT AGREE TO BID BOND REQUIREMENT. BELIEVE THIS BOND HAD VALUE OF \$US 150,000 AND THE COST TO OBTAIN WAS APPROXIMATELY \$US 150. APPEARS SACO-LOWELL CORP. WAS THE US FIRM THAT WITHDREW FROM THE CONSORTIUM TO SUPPORT PARENT COMPANY'S (PLATT) PROPOSAL.

4. WITH EXCEPTION OF AMATEX, ALL FIRMS SUBMITTED COMPLETE PROPOSALS, I.E., SATISFIED COMITE'S BID REQUIREMENTS. AMATEX DID NOT SUBMIT BID BOND AS REQUIRED BY LEGAL SECTION OF TENDER. COMITE HAS WRITTEN AMATEX'S REPRESENTATIVE ADVISING THAT US FIRM WAS DISQUALIFIED BECAUSE BID BOND WAS NOT SUBMITTED. COMITE ALSO DISQUALIFIED AMATEX BECAUSE "LEGAL STAMPS (APPROXIMATELY \$US 1,000 WORTH) WERE NOT SUBMITTED. ACCORDING TO LOCAL AMATEX REPRESENTATIVE, STAMPS WERE SUBMITTED IN FORM OF RECEIPT. AS IT WAS AMATEX'S FAULT THAT AT LAST MINUTE BID BOND WAS NOT SUBMITTED, LOCAL REPRESENTATIVE SUBMITTING BILL TO AMATEX FOR RETURN OF MONEY THEY SPENT ON LEGAL STAMPS. NOTE: COMITE DID NOT AND WILL NOT OPEN AMATEX TECHNICAL PRESENTATION BECAUSE THEY DID NOT SATISFY THE LEGAL REQUIREMENTS.

5. AMATEX CANNOT RE-ENTER COMPETITION BECAUSE THEY WERE DISQUALIFIED AS THEY DID NOT SATISFY BID BOND REQUIREMENTS. THIS FACT IS KNOWN BY BALANCE OF COMPETING FIRMS AND THEY WILL DEMAND (LEGALLY) THAT AMATEX BE KEPT FROM FURTHER NEGOTIATIONS.

6. AMATEX'S PROPOSAL DID NOT REACH THE PERFORMANCE BOND STAGE AS THEY WERE DISQUALIFIED. ACCORDING TO PLATT'S REPRESENTATIVE, UK FIRM "TOOK EXCEPTION" TO PERFORMANCE BOND. COMITE HAS STANDARD PRACTICE OF INCLUDING "NO ARBITRATION AND NO OTHER RECOURSE" CLAUSE BUT IS COMMON TO "TAKE EXCEPTION" TO THIS CLAUSE.

7. GERMAN FINANCING IS ON COMMERCIAL TERMS.

8. PER PARA 2 OF USDOC 12043 THE FNCB LOAN IS ONLY TENTATIVELY EARMARKED FOR SPECIFIC PROJECTS. WE WILL SEND LIST OF PROJECTS BY POUCH.

9. FYI - FRANK WARD'S DISCUSSION WITH QUINTELLA MIGHT HAVE LIMITED OFFICIAL USE

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BEEN CORDIAL BUT WAS VERY DISAPPOINTING TO COMITE AS: (A) AMATEX PROPOSAL WAS INCOMPLETE AND (B) WARD PRESENTED AN "OPEN" ENVELOPE CONTAINING COPY OF TENDER TO QUINTELLA WHEN BIDDING INSTRUCTIONS CLEARLY STATED "SEALED" PRESENTATION. THIS ACTION AUTOMATICALLY DISQUALIFIED AMATEX'S PROPOSAL TOO, BUT THIS POINT HAS NOT BEEN USED BY COMITE UP TO THIS TIME, ALTHOUGH THEY CONSIDER IT BASICALLY AN "INSULT". BALANCE OF COMPETING FIRMS ARE AWARD OF WARD'S ACTION.

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